



LAC-2012-01

MEMORANDUM FOR REGIONAL COMMISSIONERS, PBS
REGIONAL REALTY SERVICES OFFICERS

FROM: JAMES C. WISNER
ASSISTANT COMMISSIONER
OFFICE OF LEASING - PR

SUBJECT: Application of the HUBZone Price Preference to Leasing

1. Purpose. This Lease Acquisition Circular (LAC) issues RLP language, Lease language, and Lease Offer Forms to apply the HUBZone price preference to Leasing.

2. Background.

- a. In 1997, Congress established the HUBZone program as part of the HUBZone Act, Pub. L. No. 105-135, § 601-607, 111 Stat. 2592, 2627-36. The purpose of the HUBZone program is to increase employment opportunities, investment and economic development in low income metropolitan and rural areas. In addition, the goal of HUBZones is to encourage small businesses to relocate and employ people in low income, economically distressed areas by allowing qualified HUBZone small business concerns (SBC) to receive a preference in bidding on federal government contracts.
- b. Since 1997, GSA has held that the HUBZone Act did not apply to leasing.
- c. On January 24, 2012, in response to a protest, the General Accountability Office (GAO) issued a decision that the 10 percent price evaluation preference in the HUBZone Act is applicable to the acquisition of leasehold interests in real property and should be considered in procurements of leases by GSA.
- d. On February 3, 2012, GSA requested that GAO reconsider its decision relating to the above-referenced protest.
- e. In order to implement GAO's decision and to avoid additional protests relating to the application of the HUBZone price preference to leasing pending a decision on the reconsideration, GSA has determined that it is necessary to adhere to GAO's decision.

3. Effective Date. Date of issuance. This LAC and instructions are effective immediately for all Request for Lease Proposals in full and open procurements having due dates for receipt of initial offers on or after the issue date of this LAC. This LAC will remain in effect until the

provisions are incorporated into the Leasing Desk Guide, modified, or canceled.

4. **Applicability.** This LAC applies to all GSA real property leasing activities and to activities delegated by GSA to other Federal agencies.
5. **Cancellation.** None.
6. **Policies and Procedures.**
 - a. The HUBZone price preference is applicable to all competitive lease procurements. This LAC provides guidance on the HUBZone Price Preference for the Simplified, Streamlined, and Standard Lease Models. The HUBZone Price Preference does not apply to the Succeeding Lease and On-Airport Models, since these are non-competitive lease actions.
 - b. **HUBZone Price Preference.** If award is proposed to a non-small business Offeror, the evaluated price of that Offeror's proposal shall be increased by ten (10) percent, for evaluation purposes only, if there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a HUBZone SBC which has not waived its entitlement to a price evaluation preference. In such a case, the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lower priced offer. The LCO shall document his/her application of the price preference and further consideration of the offers under this subparagraph. Please see Attachment 1 – Leasing Scenarios.
 - c. **Waiver of HUBZone Price Evaluation Preference.** A HUBZone SBC Offeror may elect to waive the price evaluation preference provided in price evaluation sections of the various RLPs. In such a case, no adjustment to the price shall be made as a result of it being a HUBZone SBC, and the performance of work requirements set forth in Section 1 of the Lease shall not be applicable to a lease awarded to the HUBZone SBC Offeror under the solicitation.
 - d. **Negotiations.** Prior to eliminating an Offeror that is a HUBZone SBC and which has not waived its entitlement to a price evaluation preference from the competitive range, the LCO shall adjust the evaluated prices of all non-small business Offerors proposed for inclusion in the competitive range by increasing the prices by ten (10) percent, for purposes of determining the competitive range only, and then determine, in writing, whether the HUBZone SBC Offeror should be included or excluded from the competitive range. Offerors who are not included in the competitive range will be notified in writing.
 - e. **HUBZone Certification.** If the Lessor is a HUBZone SBC that did not waive the price evaluation preference, the Lessor shall provide a certification within 10 days after lease award to the LCO (or representative designated by the LCO) that the Lessor was an eligible HUBZone SBC on the date of award. If it is determined within 20 days after award that a HUBZone SBC Offeror that has been awarded

the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims, or damages of any nature whatsoever.

- f. **Performance Requirements of Lessors Claiming HUBZone Price Preference.** If the Lessor is a HUBZone SBC that did not waive the price evaluation preference then the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must additionally meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6. If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by the Small Business Administration regulations.
- g. **Application of Both HUBZone Price Preference and Historic Price Preference.** In those instances where space is offered for lease in a historic property, GSA must apply the historic preference first before applying a HUBZone price preference identified in paragraph "b" of this section. Please see Attachment 1 – Leasing Scenarios.
- h. The price evaluation preference will be used for price evaluation purposes only. The Government will award a contract in the amount of the actual price(s) proposed by the successful Offeror and accepted by the Government.
- i. **Forms Revised.** We have updated the GSA Form 1364-A1 (Simplified Lease Proposal Data), GSA Form 1364B (Streamlined Lease Proposal), and GSA Form 1364C – Standard, so that HUBZone Offerors may elect to waive the HUBZone Price Evaluation Preference. In addition, we have updated the GSA Form 3518 and 3518A to reflect revisions to the FAR.

Attachment 1 – Leasing Scenarios

Attachment 2 – RLP and Lease Language

Attachment 3 – GSA Form 1364A-1 (Simplified Lease Proposal Data)

Attachment 4 – GSA Form 1364B (Streamlined Lease Proposal)

Attachment 5 – GSA Form 1364C - Standard

Attachment 6 – GSA Forms 3518

Attachment 7 – GSA Form 3518A

HUBZone Price Preference - Leasing Scenarios

Scenario 1. In this scenario, three offerors exist in a 5,000 rentable square foot lowest price technically acceptable lease procurement for office space. The requirement is for a 10-year firm term. Offeror "A" is a large business. Offeror "B" is a women-owned small business. Offeror "C" is a HUBZone small business. In this scenario, all three offerors submit Final Proposal Revisions. Offeror A is the lowest priced offer, Offeror B is the next to lowest priced offer, and Offer C is the highest priced offer. So far, it appears as though an award should be proposed to Offeror A, since it is the lowest priced offer when compared to the proposals of Offeror B and C. However, since the award is proposed to a non-small business Offeror (i.e., Offeror A), the evaluated price of that Offeror's proposal shall be increased by ten (10) percent, for evaluation purposes only, because there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a HUBZone small business concern (SBC) which has not waived its entitlement to a price evaluation preference. After the price preference is applied, only the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lowest priced offer; Offeror B's proposal shall not be considered at this point.

Scenario 2. In this scenario, three offerors exist in a 5,000 rentable square foot lowest price technically acceptable lease procurement for office space. The requirement is for a 10-year firm term. Offeror "A" is a large business. Offeror "B" is a women-owned small business. Offeror "C" is a HUBZone small business. In this scenario, all three offerors submit Final Proposal Revisions. Offeror B is the lowest priced offer, Offeror C is the next to lowest priced offer, and Offer A is the highest priced offer. So far, it appears as though an award should be proposed to Offeror B, since it is the lowest priced offer when compared to the proposals of Offeror A and C. Since the award is proposed to a small business Offeror (i.e., Offeror B), the HUBZone price preference should not be applied and the lease award can be made to Offeror B.

Scenario 3. In this scenario, three offerors exist in a 5,000 rentable square foot lowest price technically acceptable lease procurement for office space. The requirement is for a 10-year firm term. Offeror "A" is a large business. Offeror "B" is a women-owned small business. Offeror "C" is a HUBZone small business. In this scenario, all three offerors submit Final Proposal Revisions. Offeror C is the lowest priced offer, Offeror B is the next to lowest priced offer, and Offer A is the highest priced offer. So far, it appears as though an award should be proposed to Offeror C, since it is the lowest priced offer when compared to the proposals of Offeror A and B. Since the award is proposed to a HUBZone small business Offeror (i.e., Offeror C), there is no need to apply the HUBZone price preference because the offer from the HUBZone small business is the lowest priced offer.

Scenario 4. In this scenario, three offerors exist in a 5,000 rentable square foot lowest price technically acceptable lease procurement for office space. The requirement is for a 10-year firm term. Offeror “A” is a large business and it has offered space for lease in a historic property. Offeror “B” is a women-owned small business. Offeror “C” is a HUBZone small business. (The space offered for lease by Offeror B and C are in non-historic properties.) In this scenario, all three offerors submit Final Proposal Revisions. Offeror B is the lowest priced offer, Offeror A is the next to lowest priced offer, and Offer C is the highest priced offer. So far, it appears as though an award should be proposed to Offeror B, since it is the lowest priced offer when compared to the proposals of Offeror A and C. However, Offeror A is a historic property within a historic district and is eligible for the 10 price preference (i.e., the Government will reduce the price of building offered by Offeror A by 10 percent). By applying the historic price preference, the offer submitted by Offeror A is reduced by 10% (for price evaluation purposes) and is now considered the lowest priced offer. It would appear that an award should be proposed to Offeror A. However, since the award is proposed to a non-small business Offeror (i.e., Offeror A), the evaluated price of that Offeror's proposal shall be increased by ten (10) percent, for evaluation purposes only, because there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a HUBZone SBC which has not waived its entitlement to a price evaluation preference. After the HUBZone price preference is applied, only the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lowest priced offer; Offeror B’s proposal shall not be considered at this point.

Scenario 5. In this scenario, five offerors exist in a 5,000 rentable square foot best value trade off lease procurement for office space. The requirement is for a 10-year firm term. Offeror “A” is a large business. Offeror “B” is a HUBZone small business. Offeror C, D, and E also provide technically acceptable offers. In this scenario, all five offerors submit Final Proposal Revisions that are evaluated favorably. After evaluation, Offeror A is determined to be the best value after price and all other evaluation factors are considered in a best value trade off analysis. So far, it appears as though an award should be proposed to Offeror A, since it is the most advantageous offer when compared to the proposals of all other offers. However, since the award is proposed to a non-small business Offeror (i.e., Offeror A), the evaluated price of that Offeror's proposal shall be increased by ten (10) percent, for evaluation purposes only, because there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a HUBZone SBC which has not waived its entitlement to a price evaluation preference. The price evaluation preference is added to the otherwise successful offer from a non-small business Offeror even if the price offered by the HUBZone SBC was lower (i.e., the technical quality of the non-small business offer was worth the additional cost). After the price preference is applied, only the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference for the trade off analysis, and award made to the Offeror presenting the best value after the best value trade off analysis (which included the price evaluation preference).

Request for Lease Proposal (RLP) Language and Lease Language

1. Simplified Model RLP and Lease Language

- a. Include the following Paragraphs in Simplified RLP documents in Section 4:

HUBZONE SMALL BUSINESS CONCERN ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

A HUBZone small business concern (SBC) Offeror may elect to waive the price evaluation preference provided in the "Award Based On Price" paragraph or the "Other Award Factors" paragraph of the RLP by so indicating on the GSA Form 1364A-1, Simplified Lease Proposal Data. In such a case, no price evaluation preference shall apply to the evaluation of the HUBZone SBC, and the performance of work requirements set forth in Section 1 of the Lease shall not be applicable should the HUBZone SBC be awarded the Lease. A HUBZone SBC Offeror acknowledges that a prospective HUBZone SBC awardee must be a qualified HUBZone SBC at the time of award of this contract in order to be eligible for the price evaluation preference. The HUBZone SBC Offeror shall provide the LCO a copy of the notice required by 13 CFR 126.501 if material changes occur before contract award that could affect its HUBZone eligibility. If it is determined, prior to award, that the apparently successful HUBZone SBC Offeror is not an eligible HUBZone SBC, the LCO will reevaluate proposals without regard to any price preference provided for the previously identified HUBZone SBC Offeror, and make an award consistent with the solicitation and the evaluation factors set forth herein.

If a HUBZone SBC that has not waived the price preference is awarded the lease, the certification required by the "Financial and Technical Capability" paragraph of the Lease must be provided within 10 days of award. If it is determined within 20 days of award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims, or damages of any nature whatsoever.

AWARD BASED ON PRICE (MAR 2012)

- A. The Government reserves the right to make an award based upon initial offers. The lease will be awarded to the responsible Offeror whose offer conforms to the requirements of this RLP and the lease documents and is the lowest priced technically acceptable offer submitted. Refer to the "Price Evaluation (Present Value)" paragraph in this section of the RLP.
- B. If after completion of the Price Evaluation, award is proposed to a non-small business Offeror, and there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a qualified HUBZone small business concern (SBC) which has not waived its entitlement to a price evaluation preference, the evaluated price of the non-small business Offeror's proposal shall be increased by ten (10) percent, solely for the purpose of determining whether award should be made to the HUBZone SBC Offeror. In such a case, the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lower priced offer. The LCO shall document his/her application of the price preference and further consideration of the offers under this subparagraph.
- C. If an offer contains terms taking exception to or modifying any Lease provision, the Government will not be under any obligation to award a Lease in response to that offer.

AWARD WITHOUT DISCUSSIONS (SIMPLIFIED) (MAR 2012)

The Government will evaluate offers and may award a Lease without discussions with Offerors. Therefore, the Offeror's initial offer should contain the Offeror's best price and other terms. The Government reserves the right to conduct discussions after the receipt of initial offers if it is determined by the LCO to be necessary. The Government may reject any or all offers, if such action is in the public interest, and may waive informalities and minor irregularities in offers received.

Should the Government conduct discussions then prior to eliminating an Offeror that is a HUBZone small business concern (SBC) and which has not waived its entitlement to a price evaluation preference from the competitive range, the LCO shall adjust the evaluated prices of all non-small business Offerors proposed for inclusion in the competitive range by increasing the prices by ten (10) percent, solely for the purpose of determining whether the HUBZone SBC Offeror should be included or excluded from the competitive range. Offerors who are not included in the competitive range will be notified in writing.

- b. Include the following Paragraph in Simplified Lease documents at the end of Section 1:

HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50 percent of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.

If the Lessor is a HUBZone small business concern (SBC) that did not waive the price evaluation preference, the Lessor shall provide a certification within 10 days after lease award to the LCO (or representative designated by the LCO) that the Lessor was an eligible HUBZone SBC on the date of award. If it is determined within 20 days after award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims, or damages of any nature whatsoever.

2. Streamlined Model RLP and Lease Language

- a. Include the following Paragraphs in Streamlined RLP documents at the beginning of RLP Section 4:

NEGOTIATIONS (MAR 2012)

Negotiations may be conducted on behalf of the Government by the GSA LCO or their designated representative. When negotiations are conducted, GSA will negotiate the rental price for the initial term, any renewal periods, and any other aspect of the offer as deemed necessary. The Offeror shall not enter into negotiations concerning the space leased or to be leased with representatives of Federal agencies other than the LCO or their designee. The LCO or their designated representative will conduct oral or written negotiations with all Offerors that are within the competitive range. The competitive range will be established by the LCO based on cost or price and other factors (if any) that are stated in this RLP and will include all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency. Prior to eliminating an Offeror that is a HUBZone small business concern (SBC) and which has not waived its entitlement to a price evaluation preference from the competitive range, the LCO shall adjust the evaluated prices of all non-small business Offerors proposed for inclusion in the competitive range by increasing the prices by ten (10) percent, solely for the purpose of determining whether the HUBZone SBC Offeror should be included or excluded from the competitive range. Offerors who are not included in the competitive range will be notified in writing.

All Offerors within the competitive range will be provided a reasonable opportunity to submit revisions to their initial offer including any cost or price, technical, or other revisions that may result from the negotiations. Negotiations will be closed with submission of Final Proposal Revisions.

HUBZONE SMALL BUSINESS CONCERN ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

A HUBZone small business concern (SBC) Offeror may elect to waive the price evaluation preference provided in the "Award Based On Price" paragraph or the "Other Award Factors" paragraph of the RLP by so indicating on the GSA Form 1364B, Streamlined Lease Proposal. In such a case, no price evaluation preference shall apply to the evaluation of the HUBZone SBC, and the performance of work requirements set forth in Section 1 of the Lease shall not be applicable should the HUBZone SBC be awarded the Lease. A HUBZone SBC Offeror acknowledges that a prospective HUBZone SBC awardee must be a qualified HUBZone SBC at the time of award of this contract in order to be eligible for the price evaluation preference. The HUBZone SBC Offeror shall provide the LCO a copy of the notice required by 13 CFR 126.501 if material changes occur before contract award that could affect its HUBZone eligibility. If it is determined, prior to award, that the apparently successful HUBZone SBC Offeror is not an eligible HUBZone SBC, the LCO will reevaluate proposals without regard to any price preference provided for the previously identified HUBZone SBC Offeror, and make an award consistent with the solicitation and the evaluation factors set forth herein.

If a HUBZone SBC that has not waived the price preference is awarded the lease, the certification required by the "Financial and Technical Capability" paragraph of the Lease must be provided within 10 days of award. If it is determined within 20 days of award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims, or damages of any nature whatsoever.

AWARD BASED ON PRICE (MAR 2012)

- A. The Government reserves the right to make award on initial proposals. The Lease will be awarded to the responsible Offeror whose offer conforms to the requirements of this RLP and the Lease documents and is the lowest priced technically acceptable offer submitted. Refer to the clause titled "Present Value Price Evaluation (Streamlined)" in this section of the RLP.
- B. If after completion of the Price Evaluation, award is proposed to a non-small business Offeror, and there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a qualified HUBZone small business concern (SBC) which has not waived its entitlement to a price evaluation preference, the evaluated price of the non-small business Offeror's proposal shall be increased by ten (10) percent, solely for the purpose of determining whether award should be made to the HUBZone SBC Offeror. In such a case, the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lower priced offer. The LCO shall document his/her application of the price preference and further consideration of the offers under this subparagraph.
- C. If an offer contains terms taking exception to or modifying any Lease provision, the Government will not be under any obligation to award a Lease in response to that offer.

b. Please include the following Paragraph in Streamlined Lease documents at the end of Section 1:

HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.

c. Please include the following Paragraph in Streamlined Lease documents in Section 2:

ADDITIONAL POST-AWARD FINANCIAL AND TECHNICAL DELIVERABLES (MAR 2012)

- A. If the Lessor is a HUBZone small business concern (SBC) that did not waive the price evaluation preference, the Lessor shall provide a certification within 10 days after lease award to the LCO (or representative designated by the LCO) that the Lessor was an eligible HUBZone SBC on the date of award. If it is determined within 20 days after award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims or damages of any nature whatsoever.
- B. Within 30 days after lease award, the Lessor shall provide to the LCO, or a representative designated by the LCO, evidence of:
1. A firm commitment of funds in an amount sufficient to perform the work.
 2. The names of at least two proposed construction contractors, as well as evidence of the contractors' experience, competency, and performance capabilities with construction similar in scope to that which is required herein.
 3. The license or certification to practice in the state where the facility is located from the individual(s) and/or firm(s) providing architectural and engineering design services.
- C. The Government shall have the right to withhold approval of DID's until the conditions specified in subparagraph A have been satisfied.
- D. Within ten (10) calendar days after the LCO issues the Notice To Proceed (NTP) for TI construction, the Lessor shall provide to the LCO evidence of:
1. Award of a construction contract for TIs with a firm completion date. This date must be in accordance with the construction schedule for tenant improvements as described in the "Schedule for Completion of Space" paragraph of this Lease.
 2. Issuance of required permits for construction of the TIs.

3. Standard Model RLP and Lease Language

a. Please include the following Paragraphs in Standard RLP documents at the beginning of Section 4:

NEGOTIATIONS (MAR 2012)

Negotiations may be conducted on behalf of the Government by the GSA LCO or their designated representative. When negotiations are conducted, GSA will negotiate the rental price for the initial term, any renewal periods, and any other aspect of the offer as deemed necessary. The Offeror shall not enter into negotiations concerning the space leased or to be leased with representatives of Federal agencies other than the LCO or their designee. The LCO or their designated representative will conduct oral or written negotiations with all Offerors that are within the competitive range. The competitive range will be established by the LCO based on cost or price and other factors (if any) that are stated in this RLP and will include all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency. Prior to eliminating an Offeror that is a HUBZone small business concern (SBC) and which has not waived its entitlement to a price evaluation preference from the competitive range, the LCO shall adjust the evaluated prices of all non-small business Offerors proposed for inclusion in the competitive range by increasing the prices by ten (10) percent, solely for the purpose of determining whether the HUBZone SBC Offeror should be included or excluded from the competitive range. Offerors who are not included in the competitive range will be notified in writing.

All Offerors within the competitive range will be provided a reasonable opportunity to submit revisions to their initial offer including any cost or price, technical, or other revisions that may result from the negotiations. Negotiations will be closed with submission of Final Proposal Revisions.

HUBZONE SMALL BUSINESS CONCERN ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

A HUBZone small business concern (SBC) Offeror may elect to waive the price evaluation preference provided in the "Award Based On Price" paragraph or the "Other Award Factors" paragraph of the RLP by so indicating on the GSA Form 1364C - STANDARD, Proposal to Lease Space. In such a case, no price evaluation preference shall apply to the evaluation of the HUBZone SBC, and the performance of work requirements set forth in Section 1 of the Lease shall not be applicable should the HUBZone SBC be awarded the Lease. A HUBZone SBC Offeror acknowledges that a prospective HUBZone SBC awardee must be a qualified HUBZone SBC at the time of award of this contract in order to be eligible for the price evaluation preference. The HUBZone SBC Offeror shall provide the LCO a copy of the notice required by 13 CFR 126.501 if material changes occur before contract award that could affect its HUBZone eligibility. If it is determined, prior to award, that the apparently successful HUBZone SBC Offeror is not an eligible HUBZone SBC, the LCO will reevaluate proposals without regard to any price preference provided for the previously identified HUBZone SBC Offeror, and make an award consistent with the solicitation and the evaluation factors set forth herein.

If a HUBZone SBC that has not waived the price preference is awarded the lease, the certification required by the "Financial and Technical Capability" paragraph of the Lease must be provided within 10 days of award. If it is determined within 20 days of award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims or damages of any nature whatsoever.

AWARD BASED ON PRICE (MAR 2012)

A. The Government reserves the right to make an award based upon initial offers. The lease will be awarded to the responsible Offeror whose offer conforms to the requirements of this RLP and the lease documents and is the lowest priced technically acceptable offer submitted. Refer to the "Price Evaluation (Present Value)" paragraph in this section of the RLP.

B. If after completion of the Price Evaluation, award is proposed to a non-small business Offeror, and there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a qualified HUBZone small business concern (SBC) which has not waived its entitlement to a price evaluation preference, the evaluated price of the non-small business Offeror's proposal shall be increased by ten (10) percent, solely for the purpose of determining whether award should be made to the HUBZone SBC Offeror. In such a case, the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in light of the applied price preference, and award made to the lower priced offer. The LCO shall document his/her application of the price preference and further consideration of the offers under this subparagraph.

C. If an offer contains terms taking exception to or modifying any Lease provision, the Government will not be under any obligation to award a Lease in response to that offer.

OTHER AWARD FACTORS (MAR 2012)

- A. The lease will be awarded to the responsible Offeror whose offer will be most advantageous to the Government.
- B. The combination of factors below is more important/less important than price.

C. The following award factor(s) will be considered:

1. X
2. Y
3. Z

D. If after completion of the Price Evaluation, award is proposed to a non-small business Offeror, and there exists as part of the procurement another technically acceptable proposal submitted by a responsible Offeror that is a qualified HUBZone small business concern (SBC) which has not waived its entitlement to a price evaluation preference, the evaluated price of the non-small business Offeror's proposal shall be increased by ten (10) percent, solely for the purpose of determining whether award should be made to the HUBZone SBC Offeror.. In such a case, the proposals of the apparently successful non-small business Offeror and the HUBZone SBC Offeror shall be considered in accordance with the evaluation factors and the applied price preference, and award made to the offer determined to be most advantageous to the Government. The LCO shall document his/her application of the price preference and further consideration of the offers under this subparagraph.

b. Please include the following Paragraphs in Standard Lease documents at the end of Section 1:

HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.

c. Please include the following Paragraph in Standard Lease documents in Section 2:

ADDITIONAL POST-AWARD FINANCIAL AND TECHNICAL DELIVERABLES (MAR 2012)

A. If the Lessor is a HUBZone small business concern (SBC) that did not waive the price evaluation preference, the Lessor shall provide a certification within 10 days after lease award to the LCO (or representative designated by the LCO) that the Lessor was an eligible HUBZone SBC on the date of award. If it is determined within 20 days after award that a HUBZone SBC Offeror that has been awarded the lease was not an eligible HUBZone SBC at the time of award, and the HUBZone SBC Lessor failed to provide the LCO with information regarding a change to its HUBZone eligibility prior to award, then the lease shall be subject, at the LCO's discretion, to termination, and the Government will be relieved of all obligations to the Lessor in such an event and not be liable to the Lessor for any costs, claims or damages of any nature whatsoever.

B. Within **30** days after lease award, the Lessor shall provide to the LCO (or representative designated by the LCO) evidence of:

4. A firm commitment of funds in an amount sufficient to perform the work.
5. The names of at least two proposed construction contractors, as well as evidence of the contractors' experience, competency, and performance capabilities with construction similar in scope to that which is required herein.
6. The license or certification to practice in the state where the facility is located from the individual(s) and/or firm(s) providing architectural and engineering design services.

C. The Government shall have the right to withhold approval of DIDs until the conditions specified in paragraph A have been satisfied.

D. Within ten (10) calendar days after the LCO issues the Notice To Proceed (NTP) for TI construction, the Lessor shall provide to the LCO evidence of:

3. Award of a construction contract for TIs with a firm completion date. This date must be in accordance with the construction schedule for TIs as described in the "Schedule for Completion of Space" paragraph of this Lease.
4. Issuance of required permits for construction of the TIs.